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SECOND CLASS

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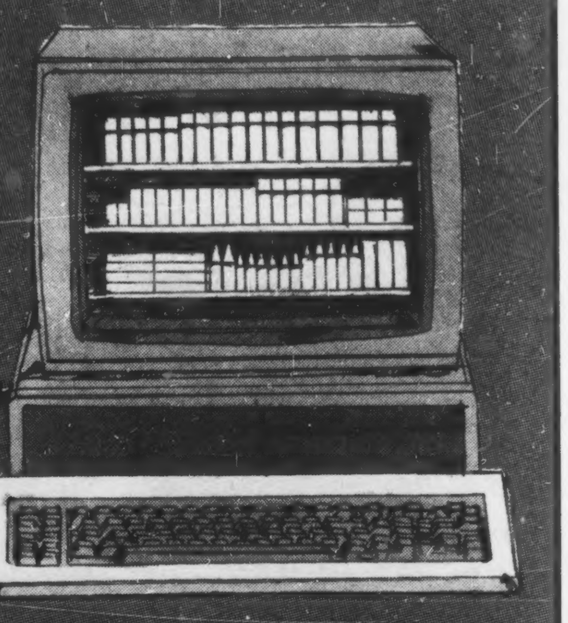
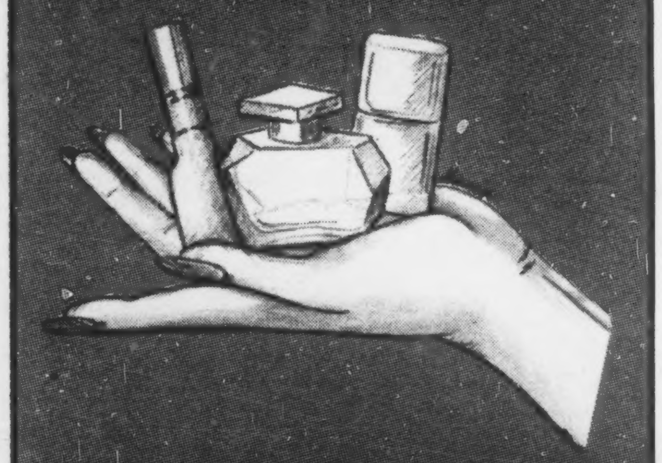
TOP OF WEEK FEATURES



Computers make strides in effective planograming

Drug chains are increasingly using computerized space management systems to add science to the art of setting shelves. **Page 9.**



Drug chains pursue service-generated cosmetics gains

Only a handful of the top chains staff their stores with trained cosmeticians, but their ranks are growing as the sales gains that are generated become evident.
Beauty Trends, page 13.

LATE NEWS

- **KANSAS CITY, Kan.** — The sale of Wal-Mart's 14 Dot discount drug stores appears imminent. Market sources linked Jerry Gaddis, formerly with Dominick's Finer Foods' Jerry's off-price division and Gray Drug Fair, with the purchase. The stores are in Kansas City, St. Louis, Des Moines, Wichita, Kan., and Lincoln, Neb.
- **BALTIMORE** — Dilip Shah, a founder of Quad Pharmaceuticals, a subsidiary of Par Pharmaceutical, was ordered by a federal judge here to pay a $250,000 fine and perform 12 months of community service for paying an illegal gratuity to an FDA official.
- **INDIANAPOLIS** — Richard Morrissey, vp-store planning and presentation of Brooks Drug, is taking over as vp-marketing at sister company Hook Drug on Nov. 1. He replaces Mark Varman, who is retiring.

Giant turns up D.C.'s Rx heat

By Susan Ball

WASHINGTON, D.C. — Giant Food, the toughest combo operator in this market, is turning up the heat in pharmacy marketing. The linchpin of its strategy: reduced prices on 200 top prescription drugs and a highly publicized prescription faxing service.

Moreover, the 146-store chain with 96 combos will soon test two frequent shopper programs, and is already testing one-hour instore photofinishing.

These moves cut to the heart of drug store draws, and are bound to impact chains operating in Greater D.C. which are coping with problems of their own. Rite Aid, for one, is still integrating Gray Drug Fair stores it acquired. Dart Drug Stores recently filed for Chapter 11 protection. And Peoples is refocusing its efforts on mid-Atlantic markets.

In addition, Giant executives told shareholders at this month's annual meeting that most new stores, including a 58,000-square-foot store scheduled to open Sept. 28 in Columbia, Md., would be food-drug units. Four other combos are under construction, with sites including Huntsman Square in Fairfax County, Va.; Hunt Valley in Baltimore County, Md.; Mapledale Plaza in Dale City, Va., and at Sully Station Shopping Center in Centreville, Va. A freestanding drug store is set to open Oct. 4 at Adams Square Shopping Center in Arlington, Va., where a freestanding food store will open next June.

Giant, which reduced retails on 200 top branded prescription drugs by 15 percent during the second quarter, said it expects the lower prescription retails to be offset by increased volume. One Giant pharmacy's average prescriptions per week reportedly has increased about 25 percent since the promotion began.

Fax machines have been installed in all of Giant's pharmacies over the past several months, representing about a $100,000 investment, and full-page ads about the fax machine service, which the chain calls

See **Giant,** *page 57*

Gourmet Meat
Rx

Four mid-store core drug aisles lead to pharmacy, highlighted with neon signs, in Giant Food combo in Greater D.C.

Revco's bondholders wrestle for control

By David Vaczek

TWINSBURG, Ohio — Revco bondholders are battling for control of the 1,888-store chain, convinced it has a promising future. They have attacked a reorganization plan proposed by Revco's board of directors, in an opening salvo of negotiations between the bankrupt chain and its creditors.

Noteholders protested they are being "frozen out" by the board's proposed plan, which was being shown to creditors last week, parties involved told *Drug Store News*.

The dispute centers on how much Revco common stock the noteholders will receive in exchange for their $800 million in notes, and who will eventually control Revco, participants said.

"This is all very bullish. It shows the equity committee feels there's value there," said a partner in a New York bankruptcy investment company which has purchased Revco notes.

"This is, on the part of the noteholders, a ringing endorsement of Boake Sells and management," concurred David Schulte, of Chilmark Partners, an advisor to the note-

See **Revco,** *page 57*

How chains are coping with post-LBO reality

First of a two-part series. Part One examines the current leveraged buyout environment, the compromises drug and food chains make, and their impact on management, strategies and competitiveness. Part Two will analyze winning strategies at companies that have undergone LBOs, and have helped these retailers renew business.

By James Frederick
(with research assistance from Susan Ball)

Focus on **LBOs**

In the gilded age of sky-high leveraging and junk bond financing, it has become a familiar scenario: a company's top brass take their firm private in a highly leveraged buyout, swapping public ownership and the equity base of the company for a mountain of debt. They are spurred by fear of takeover, a desire for independence from the short-term dictates of instant-results-minded shareholders, or maybe just plain greed.

The LBO leans heavily on bank borrowing and often on junk bond financing. To sell the idea to banks and potential bondholders, the firm's financial people churn up sometimes lofty projections about the company's ability to generate ever-increasing sales and cash flow to meet their new debt obligations and grow the business. They also promise to sell off non-essential parts of the business to help pay off the debt. Everyone, including the buyout leaders, is convinced the company can pull it off.

A well-connected investment banker schooled in the heady atmosphere of junk-bond financing takes the new

Continued on page 4

Weinstein steps down as buying group head

NEW YORK — Philip Weinstein, who joined Affiliated Drug Stores as a buyer almost 23 years ago, has resigned from his position as president of Affiliated/Associated Drug Stores.

Weinstein's resignation became effective Sept. 15, a few days after the combined organization held its fall buying show here at the Sheraton Centre Hotel Sept. 8-11.

"We accomplished a great deal at Affiliated, and I believe we were instrumental in the success of many of our

See **Weinstein,** *page 57*

Weinstein

Buying show photo coverage: page 3

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NEWS IN BRIEF

Ike's targets Little Rock

MEMPHIS — Ike's, Super D's deep discount division, plans to open a new store with pharmacy in Little Rock, Ark. in mid-November. Another Ike's is scheduled to open around next April here, which will bring the total of Ike's stores in Memphis to four.

Wellby, Shop 'n Save pick Rx computers

PORTLAND, Me. — Wellby Super Drug Stores, a division of Hannaford Bros., has selected the Synercom Pharmacy System hardware and software for its 40 locations and for Hannaford's 19 Shop 'n Save supermarkets with pharmacy in New England. The system should be installed in all 59 stores by the end of this year, said Margaret M. Urquhart, Wellby president.

Bindley Western moves to settle probe

INDIANAPOLIS — Bindley Western Industries agreed to plead guilty to three charges and pay a $500,000 fine in order to settle a federal investigation begun in 1985. It also said it would accept vicarious liability for the acts of two former company officers, who pleaded guilty to criminal charges in federal court in Atlanta in 1985, including receiving more than $1 million in kickbacks from vendors.

Bindley pleaded guilty to two charges of mail fraud and a charge concerning "technical" misreporting of sales of three bottles of pharmaceuticals in routine reports to the Drug Enforcement Administration.

Drug Emporium files debenture offer

COLUMBUS, Ohio — Drug Emporium recently filed for its proposed issuance of $50 million of convertible subordinated debentures due 2014. The prospectus also provides for the purchase by the underwriter, Goldman, Sachs & Co., of an additional $7.5 million of the debentures to cover any over-allotments. Proceeds from the offering will be used to repay outstanding bank debts and to provide additional funds for working capital and other corporate purposes, the deep discounter said.

Pay Less creates PR position

WILSONVILLE, Ore. — Pay Less Drug Stores has hired Peter Sommerfeld to fill its new position of public relations director. Sommerfeld will coordinate charitable activities, strengthen Pay Less' identity and handle media relations. He previously was special projects director for United Cerebral Palsy of Northwest Oregon.

Arbor plans Ferndale store

TROY, Mich. — Arbor Drugs plans to break ground in early spring for a new 11,000-square-foot freestanding store on Nine Mile Road in Ferndale, scheduled to open next fall.

Staples leasing to Mail Boxes Etc.

WOBURN, Mass. — Staples, the 32-store office superstore chain, has agreed to lease 585 square feet of space in a store here to Mail Boxes Etc., (MBE) a postal, communications and business services network.

MBE will provide private mail box service to individuals and small and home-based business owners. The MBE center will also handle packing and shipping through UPS, Emery, DHL and the U.S. Postal Service, as well as film developing, stamps, Western Union, money orders and instant passport photos.

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Field resigns from McK; long-term impact unclear

By Pamela Meek

SAN FRANCISCO — Impact on the nation's largest drug wholesaler is still unclear following the unexpected departure of McKesson ceo and president Thomas Field Jr.

Although McKesson sources and industry analysts said Field was a dynamic and hands-on leader at McKesson, most agreed that much of the overall company strategy had been, and probably will continue to be, dictated by the board of directors.

Currently, McKesson is offering "no comment" as to Field's successor, but the company is apparently looking both within its own ranks and beyond. At McKesson, the four executive vice presidents who were directly below Field and are possible candidates for his job are Rex Maulson, Alan Seelenfreund, John Wheaton and Kenneth Hicken. Yet analysts point out that in the previous hiring instance, McKesson went outside the company to snare Field away from his post as president of American Stores Co.

Field left McKesson abruptly this month after what the company said were differences between the executive and the board "over management philosophy and the future direction of the company." Field had been with McKesson since August 1984 when he joined the wholesaler as its president and chief operating officer before becoming ceo in July 1986. He was then named McKesson chairman, president and ceo just last summer. Former McKesson chairman, ceo and president Neil Harlan—who has remained on the company's board—has temporarily resumed the leadership role.

Field

Possible causes

While McKesson has offered no details on the "differences," industry observers said there were a few key points that could have led to Field's departure:

- A dispute over the fate of third-party prescription processor PCS. Just last month, McKesson announced it would either sell its 86-percent stake in the subsidiary or purchase the remaining interest. Because of the conflict between McKesson and PCS, the drug wholesaler had been under industry pressure during the past year to take action regarding the prescription processor's less-than-AWP reimbursement levels.

"My best bet, is that it was that situation (PCS) which was the last straw. . . and it was somehow part of the reason for his [Field's] departure," said Donald Hultgren, vp and analyst with Raymond, James and Assoc. Yet as Hultgren and others pointed out, the PCS situation was probably just one area of disagreement between Field and the board.

- Field may not have been able to develop a corporate strategy to sustain and build McKesson that met with board approval, offered Goldman Sachs analyst Paul Farrell.

Departure's impa[illegible]

However, any disputes between Field and the board were kept quiet, and most analysts agreed they were surprised by the departure. While a long-term impact of the eventual executive change is possible at the company, sources said the short-range impact is expected to be minimal because the company operates under a long range strategy and each division is fairly autonomous.

Additionally, observers said, it has been more Harlan and the company's board of directors than Field who were primarily responsible for the recent refinements and divestitures that have strengthened McKesson.

Although the company once had numerous divisions, McKesson has turned its attention in the '80s toward just core businesses.

Cosmetics/H&BA in spotlight at Ross

Merchandising Spotlight

NEWARK, Calif. — Cosmetics and H&BA are taking center stage at clothing off-price chain Ross Stores' new prototype.

After two years of selling cosmetics and H&BA, Ross now uses them as an important part of an intentionally upscale presentation.

In the prototype, attention is immediately focused on the two categories, positioned in the front center of the store between young mens and womens apparel departments.

Store design

Dropped track lighting, gold-trimmed glass display cases, compact gondola units, multi-tiered tables and promotional fixtures all combine to show off the products and the department. Unlike the chain's initial foray of 500 SKUs, the new prototype is generally better stocked and lines are more complete.

Within glass cases, which include raised corner displays, are higher-end cosmetics like Glycel, Lancome and Clinique, and fragrances such as Polo, Poison and Gucci. Directly behind this fully-serviced area, Ross stocks fragrances like Stetson, Anne Klein, Jovan and Chaps, along with the store's selection of generally professional, salon-formula hair care products. Here, Ross carries brands such as Paul Mitchell, Stiff Stuff, Aussie and Infusium in a wide range of formulas and sizes.

Low-end cosmetics are then located directly beyond the hair care gondolas and are merchandised along two wall partitions.

Ross' prices

Almay nail enamel $2.20
Stetson cologne, 1.0 fl. oz., $5.35
Infusium Pro-vitamin shampoo, 16 oz., $5.50
Stiff Stuff styling gel, 6 fl. oz., $3.00
Clarion protective moisturizer, 3 fl. oz., $6.00
L'Oréal Formula Riche mascara, 0.5 fl. oz., $3.20
Almay Moisture Balance makeup, 1.25 fl. oz., $4.00

Woolworth Express set to break into NY market

NEW YORK — Woolworth's first Woolworth Express store in The Big Apple was set at press time to open Sept. 18 in Woodside, Queens.

Hank Von Speegle, coordinator of store planning, told *Drug Store News* "we're building on existing markets and expanding into the New York market." The chain hopes to open three more stores in New York this fall—two in Brooklyn and one in Manhattan, on First Avenue and 15th Street.

Woolworth Express is Woolworth's 6,000-square-foot prototype that emphasizes a tight assortment of H&BA, OTC products, stationery, greeting cards and candy. Von Speegle said the company hopes to operate 27 stores by the end of the month. Currently, the stores are in operation in San Francisco, Los Angeles, San Antonio, Chicago, and De[illegible]it.

The Woodside store will be the typical 6,000 square-foot format, but Von Speegle said the merchandise mix "will slant toward city merchandise for the local neighborhood."

OPINION

About those Dave Pinto meetings

Dave Pinto is no friend of mine. In fact, he is an active competitor. We've locked horns in the chain drug newspaper arena ever since I joined *Drug Store News* almost a decade ago. We disagree on many issues.

IN THE MARKET
BRUCE BUCKLEY

Yet the innuendos that recent articles have raised concerning an organization of chief executives of some leading retail and manufacturing companies that he reportedly organized about two years ago seem off-base.

According to reports in the *Wall Street Journal* and *Investors Daily*, the "elite" group, which included top executives of some competing retail companies, met secretly on at least three occasions to discuss such issues of mutual concern as pollution control and narcotics abuse.

Unusual as this loosely organized group may be, there is little question in my mind that its participants had no nefarious motives in meeting on these occasions. Though I was of course not invited to attend, the cumulative savvy of the executives who reportedly were there is enough to dispel in my mind the possibility of competitive hanky-panky. It is ludicrous to think that pricing or any other forbidden subject ever came up at these meetings.

These executives do not deserve the scrutiny of the Federal Trade Commission or any government regulatory agency, which *Investors Daily* suggested might be an outcome of these meetings.

Having said that, I'd like to go a step further.

> *The cumulative savvy of the executives who reportedly were there is enough to dispel. . . the possibility of competitive hanky-panky.*

Someone asked me at our REX Awards Dinner Friday night how *Drug Store News* would approach organizing a group of industry executives to meet on issues of common urgency, which is an exemplary thing to do.

In fact, *Drug Store News* has sponsored events that have brought together executives, often of competing retail and manufacturing companies, to exchange ideas about the business we cover. We consider such forums part of our job as a publication that seeks the free exchange of information and ideas.

What makes our efforts different from the meetings that reportedly took place under Dave Pinto? We invite all comers. We believe in giving free access to everyone, because we know from long experience that there is no way that even the most jealously guarded secrets can remain under wraps for long.

From our annual REX Awards dinner to our seminars, our guiding principle is first-come, first-served. Whether Dave Pinto succeeds or not in escaping the difficult spotlight he currently finds himself in, we intend to just go on doing our job: acting as an objective information conduit for the entire industry and not just an elite few.

Clerking, with care, on the front line

How would you like to employ a drug store clerk with the commitment and presence of mind to handle this exchange. She is staffing the only front-end register open at the time in Revco's Solon, Ohio store, when an older man approaches her to buy merchandise.

THE HUMAN SIDE
AL HELLER

She: Do you have a senior citizen's card?

He: I'm 60.

She: I think you have to be 62 to get the discount.

He: Thanks for nothing.

She (chagrined): You don't look 60. (smiling now) How's that! Come back in two years.

He: You don't think I look 60. That's why you asked?

She: Customers sometimes get mad at me if I don't ask.

He: I'll probably forgive you by the next time I come in.

She: Here's your change. Have a nice day.

Meet Chrissy Visocan, who charmed her way out of an embarrassing situation while trying to qualify a customer for a possible 10 percent discount. Think clerking isn't tough? Leave your desk for half a day and face your customers. See if you do as well as Ms. Visocan, who by now has returned to Ohio State University, where she is a junior studying pharmacy, and has expressed plans to transfer to another Revco near campus.

Follow this series of exchanges and see how your clerks match up being goodwill ambassadors for your stores:

Man pays for merchandise, holding motorcycle helmet.

She: Are you on a motorcycle today?

He: Yes

She: (rings up sale) Thank you. Be careful.

He: I always am.

Woman pays for merchandise, holding infant.

She: (to infant) Hi. Hi. (to mom) Does she talk yet?

Mom: No, she won't show anyone she can.

At end of sale, she puts child's sun hat on, and lets her hold the small bag and receipt.

Chrissy Visocan: *goodwill ambassador.*

Frazzled mom with two active boys heads to register. One boy holds Wiffle bat and ball, and won't relinquish it when the mother asks. Ms. Visocan needs to scan it.

She: Can I have it? I'll give it right back.

He hands it to her.

Elderly lady places two bags of potting soil on counter.

She: Planting a garden?

Shopper: Just some house plants.

She: What do you grow?

Shopper: Just some cactus. My husband knocked one over last night.

She: He didn't stick himself, did he?

Shopper: No.

She: Thank you.

Man heads to register wearing T-shirt with writing on front that says, "Where is Cave Creek, Ariz.?" She asks. He turns around, shows back of shirt, which reads, Who cares? Then he tells her: "15 miles north of Phoenix. All the people just read the back."

As I write this, I know there's one lucky store manager smiling today.

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TRENDS

Computers make strides in effective planograming

Space management systems promise easier, profitable category control

By David Vaczek

NEW YORK — Drug chains are increasingly using computer space management systems to add science to the art of setting shelves.

With their relative ease of use and ability to put an array of relevant data and analytical power at the planogramer's fingertips, systems such as Logistics Data's Spaceman, and Information Resources' Apollo are elbowing aside manual-intensive methods.

They loom as useful tools for "category management"—using sales and market information to produce targeted, enticing and productive sections.

Indeed, category management has become more important, with retailers facing diminished opportunities for sales growth through market share gains or inflation.

"We want to know if the products are paying the rent for the space we give them," says Jeff Garrett, space management manager at Kerr Drugs, explaining why Kerr bought a Spaceman system this year.

At least 10 drug chains have purchased their own systems in the last two years, and others say they are investigating them, according to a *Drug Store News* survey augmented by phone interviews.

Many other chains are working more closely with vendors who own shelf management systems. Chains pick "category captains" with whom they feel comfortable and jointly build the planogram using the vendor's category expertise and their own-sales data and preferences.

Few drug chains can claim meaningful results yet. But they expect the same pluses gained by the grocery trade, where shelf systems are widely used. The systems' ability, for example, to quickly create a planogram with the needed packout based on demand data makes it easier to create efficient up-to-date sections.

Powerful tools

Space management systems are powerful tools in that they perform "what if" calculations similar to an accountant's spreadsheet program.

Data on shelf and product sizes and store delivery schedules are put in. The user can then enter data on actual or projected sales, and the program calculates facings and packout needed to meet demand for each category item, and render the proposed planogram on the screen.

The user can see the impact of his decisions on criteria such as inventory and gross margin or profit, and manipulate the layout for varied results.

The most obvious advantage is that the planogramer can forego setting actual shelves with products to serve as prototype sets, the method most drug chains use today. On-the-spot analysis lets the user keep decisions in line with performance criteria.

Continued on page 11

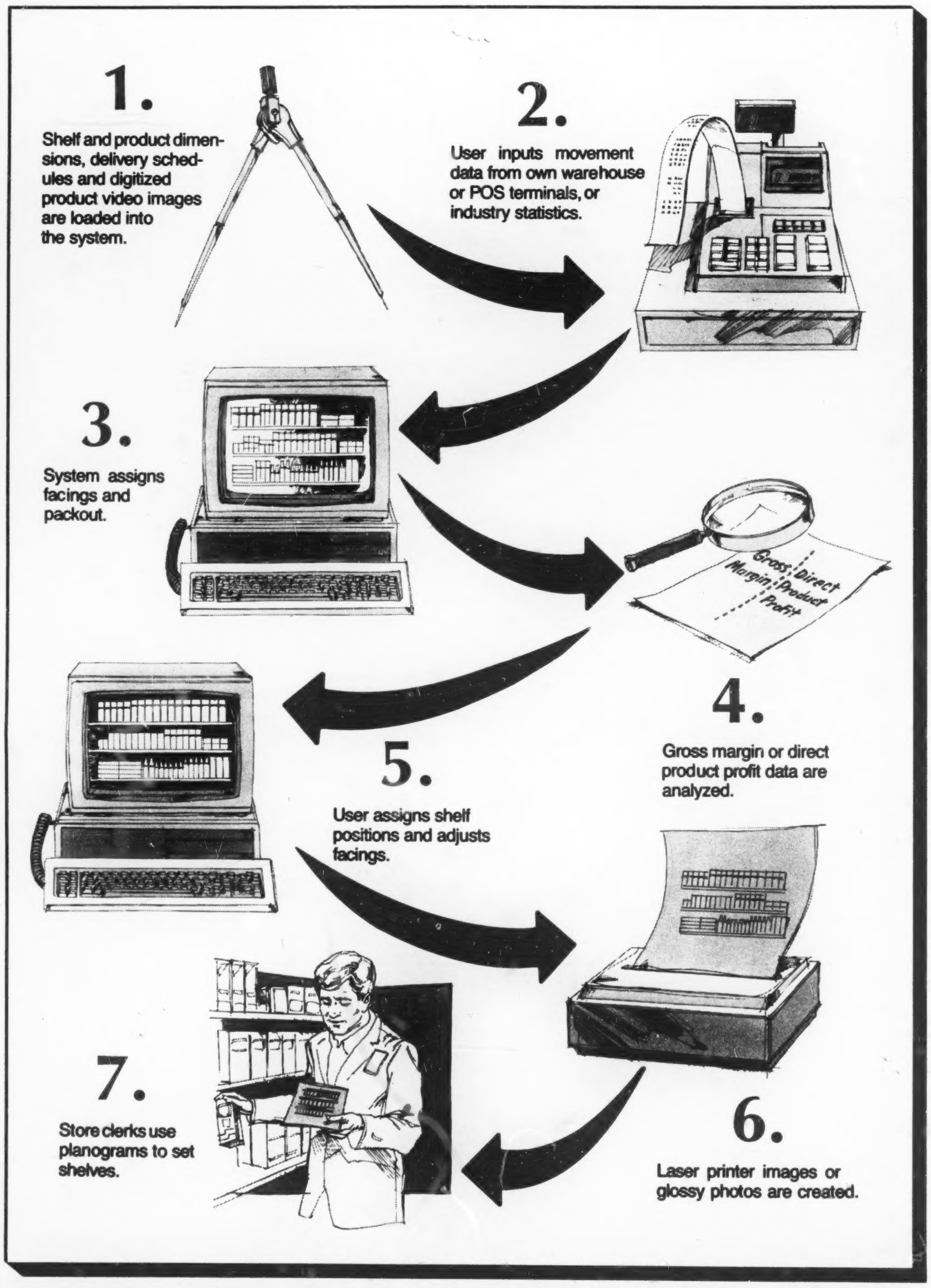
Categories most frequently planogramed by chains using own shelf-set programs

(Percentage of respondents)

Cough/cold	62%
Deodorants	59
Analgesics	59
Shampoo	41
Stationery	21
Other categories*	45

* Categories cited include other H&BA household chemicals, auto, candy, pet supplies, batteries and hair care

Source: *Drug Store News* survey



1. Shelf and product dimensions, delivery schedules and digitized product video images are loaded into the system.

2. User inputs movement data from own warehouse or POS terminals, or industry statistics.

3. System assigns facings and packout.

4. Gross margin or direct product profit data are analyzed.

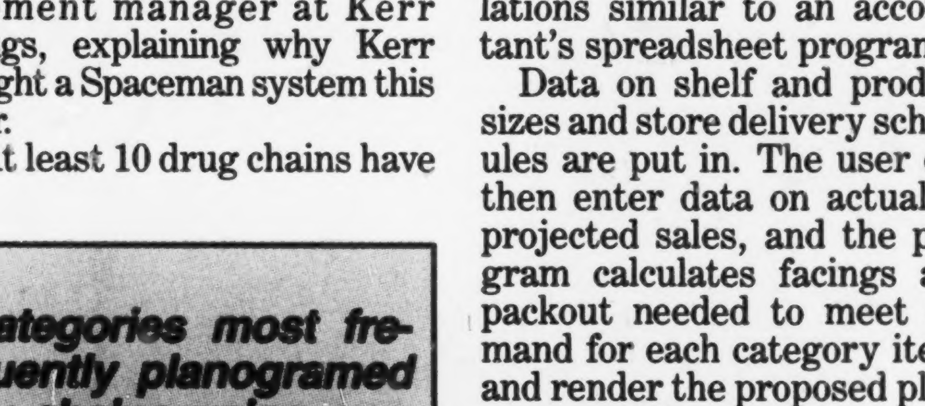
5. User assigns shelf positions and adjusts facings.

6. Laser printer images or glossy photos are created.

7. Store clerks use planograms to set shelves.

Many chains share performance data with vendors to create planograms

(Percentages of chains indicating type of data shared)



Source: *Drug Store News* research

Chains are buying own space mgt. systems

Drug chains have started using their own space management computer systems, and the use will grow, a *Drug Store News* survey on space management shows.

Twenty-nine high-volume chains, including 15 of the top 20 in sales, responded to the survey.

Eight chains said they have purchased space management systems; seven own Spaceman by Logistics Data and one owns Information Resources' Apollo. The systems have been owned an average of nine months and only one chain has owned a system for more than two years.

Of those not owning, 43 percent said they have tested software themselves or with a vendor, or are actively investigating systems.

In-house systems aren't fully functional. Only half of those owning systems have a complete database of item dimensions. And only 50 percent said they are downloading without manual input either dimension data or sales data into the system.

Eighty percent have used vendors' shelf set services.

Respondents indicated that many categories are being planogramed with space management, particularly H&BA. Some of these are with vendors' systems, for which the chains provide performance data.

There is strong interest in vendors' space management services. Eighty percent said they've used vendors' shelf set services. Of total respondents, almost 60 percent said they "have more confidence" in the vendor-supplied services. Almost three-fourths said they provide vendors with product movement data, and about half said they give gross margin or sales data.

Fifty-eight percent said they depart "extensively" from the vendors' shelf-set proposals.

Computers making planograming more effective, profitable

Continued from page 9

Despite this computing power, section creation with shelf systems requires many judgment decisions that insure the finished layout will be as much a product of intuition as logic, chain merchandisers agree.

The user, for example, must decide on the merchandise mix and on shelf location.

After a section is set based on unit movement data to insure the right packout, the user then makes adjustments based on profit data, perhaps adding facings for high-margin items. Those would be judgment decisions. If higher demand causes packouts to exceed shelf space, decisions on dropping items or reducing facings are needed.

Retailers rank benefits of electronic shelf management

1. Reduced time/labor for shelf sets
2. Easier resets
3. Increased unit/dollar sales
4. Increased profits
5. Increased return on inventory investment
6. Reduced out-of-stocks

Source: *Drug Store News* survey

"No computer can give you the aesthetics of what a good hand-done planogram can do," says Steve Lund, assistant vp-merchandising/marketing, Perry Drugs. "You let the computer do its raw calculations. Then you go in and fine-tune. Then, re-run the financial again to see if it's skewed off by that much," he added.

Chains' approach to space management vary:

- Eckerd agreed this month to buy an Apollo system and expects to have planograming well under way within six months, says Bill Campbell, director of merchandise administration.

The chain will load sales data collected at POS from 200 stores into the system, avoiding the need for manual input. A planogram specialist will work as a consultant to buyers to initially create basic planograms with typical footage. Eventually, the system will be used to create multiple planograms for categories which have multiple shelf sizes, Campbell said.

- This year Perry Drugs began a program in which Perry provides sales data to key vendors who use their own space management systems to analyze the information and jointly develop sections with Perry. The chain won't buy its own system soon, said Lund.

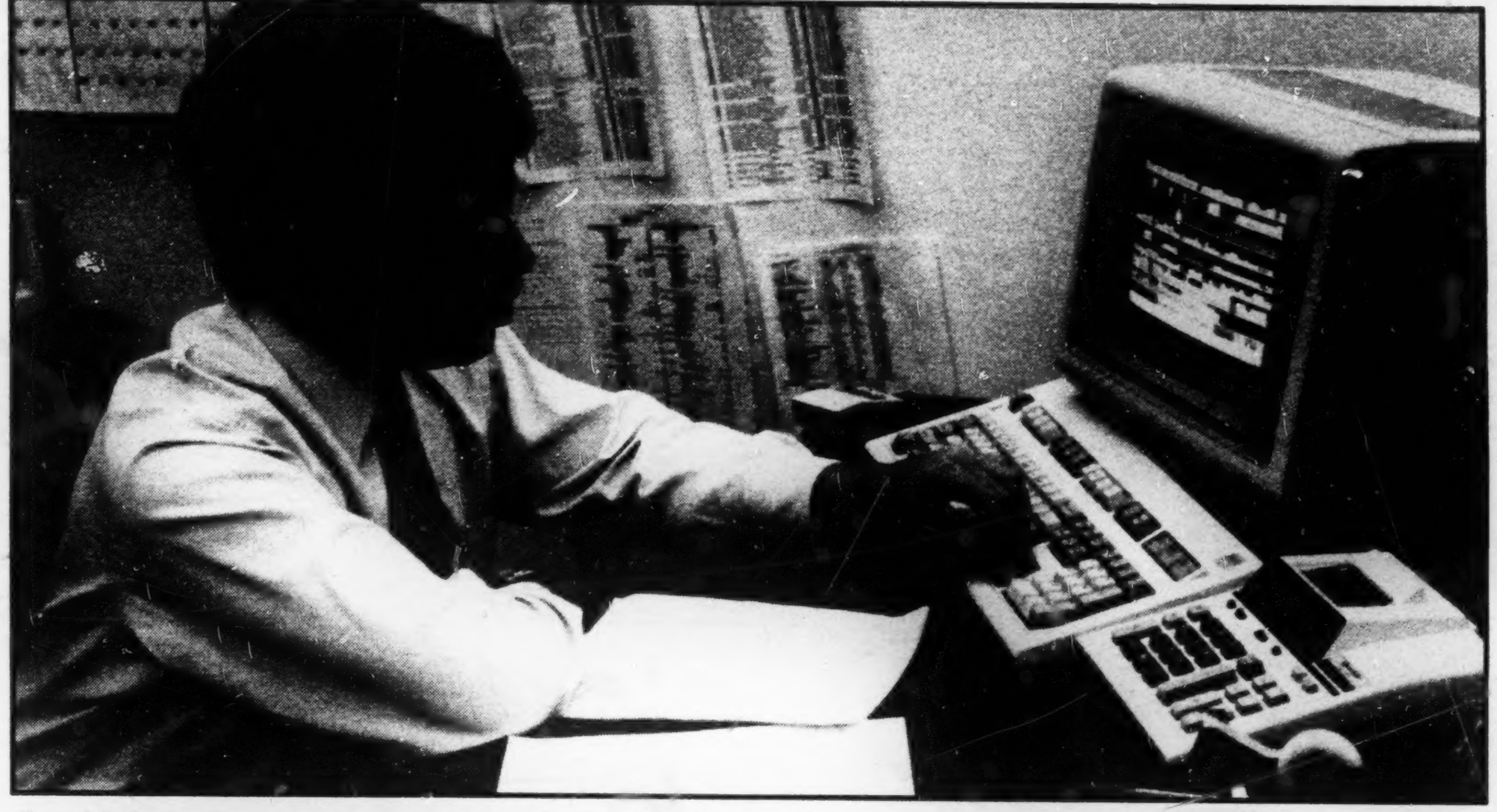
"I felt we could get started much quicker this way," said Lund.

Perry gives movement and profit data to vendors, including Procter & Gamble, McNeil Consumer Products, and Bristol-Myers. The chain also gives guidelines, such as which categories it wants merchandised by blocking or with facings based on profit or movement.

- Rite Aid reported that planograms it developed in several recent tests with vendors who used their own space management systems were not significantly different from the shelf sets the chain had been creating itself. As a result, Rite Aid for now plans to continue developing planograms manually, in which prototype shelves are set and adjusted by hand, with the results typed up and sent out to the stores.

"Sometimes simple is better," said Chuck Lawrence, director of visual merchandising. Lawrence uses a PC spreadsheet application to rank products on profit and movement based on warehouse withdrawals, and figures inventory needs.

Some feel a key benefit from space management will be time and labor savings in planograming, which will allow creating more and better targeted sections.



Gerald Genovese, space management coordinator at Genovese Drug Stores, uses PC to access warehouse withdrawal data and load it into Spaceman program to create a planogram.

"The biggest advantage will be the speed at which we could crank out variations," said Tom Eilers, Pay Less'schematic department manager.

A chain can customize more sets to shelf length and market variations, and more easily update sections that are quickly made obsolete by the blizzard of new products demandingspace, Eilers noted.

Pay Less, actively investigating space management, now uses the Versacad computer drawing system for pictorial renderings.

The biggest obstacle to implementing space management has been obtaining reliable data on product dimensions, without which computer screen shelf sets might be drastically askew from real life conditions.

Eckerd's Campbell said a key factor influencing the chain to chose Apollo is Information Resources' large National Product Library of product dimensions, which is more easily available to Apollo owners.

A.C. Nielsen-owned Logistics Data, though, has tripled the computer capacity and the manpower it's allocated for database building, and plans (as does Apollo) to begin enhancing its data on drug store products, said Jim Dippold, LD's vp-operations and product development.

Lacking a single constantly up-to-date source for dimensions, chains get the data from vendors, and from companies such as Ted Gladson & Associates, the space management consulting firm which maintains an extensive library on drug item sizes.

Another way is to measure the items yourself. Spaceman-owner Genovese Drugs, not untypically, spent a year measuring items in stores with calipers to insure they were using accurate data,said Gerald Genovese, space management coordinator.

"Product dimensions have been a major problem," said Genovese, who has been using the system's picturing function, but this year will work with buyers to help phase in Spaceman's $paceMax analytical component.

Perhaps the most surprising result of chains' investments in space management systems will be in creating closer ties with their vendors, in the view of most retailer and vendor spokesmen.

"Of necessity, (space management systems) will bring suppliers and retailers much closer together. The so-called traditional adversarial relationship is going to have to disappear," said Eckerd's Campbell.

Why? Once wary of vendor data they had neither the time nor resources to confirm, retailers who own a space management system can quickly test the financial assumptions behind proposed planograms.

"I think it's going to create a much higher degree of confidence between the two," said Campbell.

Retailers' three biggest obstacles to electronic shelf space management

1. Getting reliable item size data
2. Getting reliable movement data
3. Getting profit data

Source: *Drug Store News* research

Functions space management systems perform for chains

(Percentages of respondents* so indicating)

Set facings and inventory by product movement	45%
Draw planograms on computer using shelf and product dimensions only	31
Set planograms based on dollar sales/profit criteria	21
Do floor planning by comparing category planograms to each other	3

*Based on multiple responses from chains owning shelf systems and those using vendors' systems. Functions aren't mutually exclusive.

Source: *Drug Store News* survey

Advanced POS systems provide clout to chains

With their ability to store files, capture sales data, and manipulate and move data, POS systems are providing more clout than did the early stand-alone electronic cash registers.

Accurate data capture (with scanning) and fast maintenance of price and inventory databases are among advantages chains have experienced. Now POS systems' impact has spread beyond the store, as they become part of systems for inventory control, automatic ordering and electronic data interchange, and planograming with space management systems.

Loading accurate data

Eckerd, for example, will be loading sales data it captures (through manual input) in IBM POS systems into its space management system, insuring the computer creates planograms based on accurate sales data.

Sales data captured at Walgreens stores is the first step toward an EDI network with vendors, which employs mid-range computers for inventory and billing at the chains' warehouses.

Chains are upgrading to more powerful systems that support more functions, and more chains are converting to scanning.

Walgreen, Thrifty and Peoples are among chains that have installed IBM's 4680 POS system, which ties intelligent POS terminals to a controller.

Revco announced the rollout of IBM 4680s with scanning and Revco-written POS software into 400 more stores this year, on top of 80 stores.

Fay's is installing NCR's newest system, the 2127 with scanning, and upgrading its base of NCR 2126s for scanning.

Perry has just decided to install NCR 2127s in its drug stores. It continues to use Stores Automated Systems Inc. (SASI) systems in its A.L. Price stores.

And Osco is rolling out NCR's 7000 CP system supported by NCR Tower 600 computers in each store for added applications and communication.

Phar-Mor is adding scanning to its NCR 2126s and adding Tower 650s.

Rite Aid continues its rollout of the SASI POS system, which is also in a handful of Genovese stores.

Big B has installed National Data Corp.'s system for the POS and pharmacy in 100 stores.

Scanners by Symbol Technologies and Spectra Physics are used in some cases.

Survey: Drug chains pursue cosmetician-generated sales gains

HARCO DRUG
Beauty Fair
Come Join Us!

Chains like Harco Drug know that cosmeticians contribute a personal touch that draws repeat customers and provides a framework for promotions such as their in-store beauty fair pictured above.

Among the industry's 50 highest volume drug chains, only a handful can claim full-service cosmetics coverage in almost all stores, but more stores are being added each year as chains pursue the sales gains that trained cosmeticians can generate.

According to *Drug Store News'* first service cosmetics survey, 86 percent of the 21 high-volume chain respondents have trained cosmeticians in some stores, but only 29 percent have full-service coverage in at least 75 percent of their stores.

In fact, only about 28 percent of the 12,000-plus stores operated by the 21 chains are staffed by trained cosmeticians.

More chains are adding service to their cosmetic departments, just as they have reemphasized service in pharmacy. Many respondents say increased service is the only way their stores can differentiate themselves from increased competition that includes not only other drug stores but food-drug combos, deep discount stores and mass merchandise chains like Wal-Mart and K mart.

Of the 21 chains surveyed, all but two say they regard service as a key issue in today's market. And they say they are doing something to enhance their service programs, even if it is only to hold more schools or add more supervisors.

In follow-up interviews designed to qualify the survey findings, several respondents described how they have created a new executive management position to oversee cosmetics. Titles range from vp of cosmetics to director of cosmetics but the duties were similar.

In almost all cases, this is an executive hired to improve training and merchandising, enhance inventory turns and build sales.

Chains realize gains

Chains that have made the strongest commitment to improving cosmetics service say they are realizing positive paybacks from their investment.

In some stores with improved merchandise presentations and added service, sales are up dramatically, sometimes better than 50 percent over last year.

Respondents that have added fuller service programs also report a sizable gain in cosmetics-fragrance sales as a percentage of overall volume, from 3 to 5 percent as recently as a year or two ago, to 6 to 7 percent today. Cosmetics-fragrance sales at some chains with full-service cosmetic programs are pushing 10 percent of total volume.

Many respondents with sales in the 6 to 7 percent range say they think they can reach 10 percent in about two years. Some are even wondering if they can ultimately hit 15 percent.

"Once we hit 10 percent, the question of whether we can afford fuller service will be answered, because there's no doubt the increased sales will offset the cost of labor," says the cosmetics director for an East Coast-based drug chain.

"If we ever did hit 15 percent of sales," says the cosmetic buyer for a chain in the Northwest, "there wouldn't even be a debate on whether we should go full-service. You'd have to have full-time girls in there covering the department. The department couldn't function without full coverage. So what we have here is a cycle. Get more sales. Give more coverage. But to get the sales, we first have to give the coverage, and that's what we're doing now."

While many respondents report that coverage is helping to increase cosmetic sales, they also say it is si-

Continued on page 15

When you say service cosmetics. . .

For definitional purposes, our respondents concluded that a drug store can be said to be staffed with a full-service cosmetician only when the following conditions are met:

- The head cosmetician has been trained in product knowledge, company procedures and sales techniques, and is constantly updated by exposure to supervisors, videos, training schools and communiqués from headquarters.
- Part of her job is helping to train other employees, either full- or part-time, in product knowledge and sales procedures.
- She is given enough time in cosmetics to effectively supervise the department and service customers. Enough time means a department is covered at least 40 hours a week, not including time that cosmetic personnel might also have to spend on toiletries.

Cosmetics supervision programs gain favor in managing depts.

Under seige from food chains, discount stores and specialty outlets, most of the industry's largest drug chains are fighting to hold and win back customers by providing service in their stores.

The chains are building up service in three highly visible departments: pharmacy, photofinishing and cosmetics.

The attention being focused on cosmetics is especially important, our sources say, because until recently, many chains were taking their cosmetics customer for granted.

To control costs, many chains had slipped into self-service programs, which, while easy to maintain, took their toll in terms of out-of-stocks, lost sales, bored customers and high shrink.

Now chain executives say they perceive an opportunity to rescue cosmetics from the doldrums, and in the process to build sales in one of the store's most profitable departments.

To achieve this objective, many chains are rethinking the way they train and motivate their cosmetic sales

Continued on page 17

Average cosmetic dollar sales per store, per week

(Percentage of respondents in this range)

Less than $1,000	5%
$1,000-$1,999	15
$2,000-$2,999	18
$3,000-$3,999	23
$4,000-$4,999	5
$5,000-$5,999	9
$6,000-$6,999	5
$7,000-$7,999	9
Over $8,000*	9

*Super drug stores and deep discount drug stores only

Source: *Drug Store News* Cosmetic Service Study

Average cosmetic dollar sales, per store, per week, for chain drug stores with service

(Percentage of respondents in this range)

Less than $1,000	0%
$1,000-$1,999	0
$2,000-$2,999	0
$3,000-$3,999	[illegible]5
$4,000-$4,999	[illegible]3
$5,000-$5,999	25
$6,000-$6,999	0
$7,000-$7,999	13
Over $8,000*	25

*Super drug stores and deep discount drug stores only

Source: *Drug Store News* Cosmetic Service Study

Methodology of the cosmetic service survey

Earlier this year, *Drug Store News* mailed out a five-page "cosmetic service" survey to the 50 highest volume drug chains.

By mid-summer we had received 21 usable responses, and we had time to conduct follow-up interviews with almost all the respondents.

The respondents to our survey operate over 12,000 drug stores, or approximately 79 percent of all stores owned by the top 50 chains.

In dollar sales, they generate just over $27 billion, or 77 percent of the dollar volume of the top 50.

Bartell Drug's 'eyes and ears' nurtures department's growth

At Bartell Drug, cosmetics coordinator Coleen Pierce tries to serve as a role model for the chain's service cosmeticians. Just ask buyer Charlotte Pendergast, who calls her "inspiring" and likens Pierce to a gardener who protects and nourishes the cosmetic department as if it were an orchard.

"She's my eyes and ears in the stores," said Pendergast, who works side-by-side with Pierce, Bartell's only cosmetics coordinator.

Pendergast has buying responsibilities for many categories, including cosmetics, toiletries and OTCs. She determines with Pierce and Gordon O'Reilly, Bartell's vp-merchandising, which cosmetics and fragrance lines Bartell will carry. Pierce is responsible for working with reps to determine which new items and promotions Bartell will carry, then work with store cosmeticians to determine how best to merchandise them.

"We do all our planograming on a per store basis because all our stores are different," said Pierce. "I'll use vendors' stock books and my own filing system to keep track of what's going out and what's coming in and I'll send memos to the stores on all new and discontinued items. Then when I'm in the stores, I'll double check to see that all the changes have been made."

Because Pierce knows the stores, she can make a buying decision on the spot. Pierce likes to review new products and new pre-packs in the stores, with the reps beside her so they can see how much space is available.

"It's good for the cosmeticians, too," she said, "because they get to see the promotion sheet, hear about the program from the rep and get more involved."

Pierce usually meets each Friday with Pendergast to review the week's work, and is in stores three to four days a week.

In the stores themselves, Pierce has a wide range of responsibilities. She works with new staff, training them to become effective cosmeticians. She helps build displays, reset planograms, and decide what to buy for stores from Pendergast's list of approved vendors. She also helps Pendergast set up training schools with vendors.

Pierce estimates that she and the Bartell cosmeticians are probably responsible for about 5,000 SKUs in the department, including all fragrances, pegged goods, franchised treatments, cosmetics bags and other accessories, jewelry (in about 75 percent of the stores), and hair color.

Between shade changes, promotional and new items, the stores are deluged by 800 to 1,000 new or non-basic items each year. Part of her job is to help the cosmeticians stay on top of all this. "We're talking about maybe 25 percent of all the product in the store," said Pendergast.

Categories cosmetic clerks are responsible for

(Percentage of respondents so indicating)

Cosmetics dept./all or most toiletries (6,000 to 10,000 SKUs)*	67%
Cosmetics dept./some toiletries (3,000 to 5,000 SKUs)**	29%
No response	5%

*Includes all cosmetic items, plus toiletries like hair, skin, sun, hosiery and sometimes personal care items, feminine hygiene, etc.

**Includes all color cosmetics, fragrances, jewelry, franchised skin and bath, and sometimes hosiery or categories requiring service, such as hair color or professional hair care lines.

Source: *Drug Store News* Cosmetic Service Survey

Estimated percentage of total drug store sales for cosmetics/fragrances

(Percentage of respondents)

4%-4.9% or less of sales	14%
5%-5.9%	5
6%-6.9%	24
7%-7.9%	14
8%-8.9%	14
9%-9.9%	0
10% or more	14
Don't know/no response	14

Percentages may not up to 100% because of rounding

Source: *Drug Store News* Cosmetic Service Survey

Level of cosmetic service in stores

(Percentage of chain respondents so indicating)

Some stores with full service cosmeticians	57
More than 75% of stores in chain with full-service cosmeticians	29%
No service cosmeticians; self service in all stores	14%

Source: *Drug Store News* Cosmetic Service Survey

HOME AND OFFICE
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HOME AND OFFICE

Survey: Drug chains eye cosmetician-generated sales gains

BRAND NAMES
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AT EVERYDAY K mart PRICE
GREAT EVERYDAY K mart PRICE

Like many drug chains, mass merchandisers like K mart 'boutique' their cosmetic departments to attract upscale shoppers. But if the store doesn't have someone at the counter to service the shoppers, sales can still be lost and the upscaling presentation, to all practical effects, wasted.

Continued from page 13

multaneously reducing shrink.

Most respondents say they are convinced that the presence of a service cosmetician lowers their shrink rates, sometimes as much as 3 to 4 percentage points.

"The more hours we give the department, the more we see our shrink go down," says one executive. "I am convinced the cost of that cosmetician is offset by our savings in shrink."

At the same time, many respondents are certain that giving cosmeticians more hours in cosmetics and less in other areas of the store improves their in-stock rates which, in turn, helps them avoid lost sales opportunities.

They also say service cosmeticians improve their merchandising presentations, giving their stores a better chance to capture impulse sales. Some respondents also say that cosmeticians help to improve store inventory levels, which in turn minimizes the danger of overstocking a store, and that, of course, improves product turns while reducing inventory costs.

Eighty percent of the chains say they either have or want to have full-time, fully trained cosmetic sales clerks in all stores, except for their lowest volume units. Most think they can achieve this goal by 1992 at the latest.

But our respondents also caution that it takes time for the changes, particularly service changes, which are subtle, to take effect. They warn that a chain may be tempted to back away from expanded hours if sales improvements don't materialize overnight. They say this would be a mistake, because it takes time for customers to realize that cosmeticians are there to help them if needed and for customers to bond, in the words of one buyer, to that cosmetician.

"But if the cosmetician is good, her customers will bond to her," she says, "and they will come back asking for her by name. I've heard them to do it."

'The more hours we give the department, the more we see our shrink go down,' says one executive. 'I am convinced the cost of that cosmetician is offset by our savings in shrink.'

Another source, the vp of cosmetics for a major chain, says that for a service enhancement program to work, it requires two key things: the cooperation of operations through the support of store, district and regional managers, and what she called "people like me proving ourselves by keeping our promise.

"I won't tell a manager they can go from $2,000 a week in cosmetic sales to $6,000 a week overnight," she said. "I'll tell him that if gives me five more hours of coverage in cosmetics, I'll give him another $500 in sales. Then when we get to $2,500 a week, I'll ask for another five hours. And over time, we will usually get to that $6,000."

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Incentives to become beauty advisors

(Percentage of respondents)

Cosmetic sales clerks are paid more than store clerks	48%
Given bonuses or sales prizes	3
Wear a [illegible] uniform	48
Have a different classification within the [illegible]	45
[illegible] promotions [illegible]	23

[illegible]

Continued from page 13

clerks.

Some are redefining the clerk's job, giving her less responsibility in toiletries and more time to cover cosmetics so she can maximize her presence in the department.

Some drug chains have decided that they will get better coverage in cosmetics if they limit the cosmetician's scope of responsibilities, so that she only has to worry about the approximately 3,000 to 5,000 SKUs that make up a core cosmetics department.

In our special survey of chain drug cosmetic executives, we found that 29 percent of our respondents are giving their cosmeticians responsibility only for color cosmetics, fragrances, franchised skin treatments and bath lines, jewelry, and sometimes hosiery.

Occasionally these cosmeticians have other categories that may require service such as hair color, ethnic products or professional hair care products. But they are not expected to handle the bulk of the toiletry lines.

"We've been able to increase sales about twenty percent a year," said the cosmetic buyer for a Northeast chain, "and it's because we put people in the department who are trained just to manage that department and take care of its customers.

"In today's competitive environment, you need more than just a warm body hovering in the aisles. You need a committed and competent sales clerk who can help make your store special to the customer, help single it out from the herd."

Not all chains, however, feel that the cosmetician has to be limited to just cosmetic SKUs in order to provide effective coverage. The majority of our respondents believe it makes sense to have cosmeticians responsible for all toiletries, as long as there are enough people assigned to cosmetics to prevent its being neglected.

It is in training that most respondents say that chain drug management has been negligent. Many chains say they plan to revive their cosmetic sales by remedying this negligence.

One of the key differences in today's market is that most

Continued on page 18

L'ORÉAL
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ZURI

As drug chains upscale their merchandising presentations, they are also bringing in more service cosmeticians to round out their department store image.

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L0564 Green........... 43.60
L1754 Changeable...... 51.30
L9678 Ambermatic...... 51.30

BLACK CHROME
L2817 Grey G-15....... 43.60
L1755 Changeable...... 51.30

Outdoorsman

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L0216 Grey G-15....... 41.00
L0568 Green........... 41.00
L1750 Changeable...... 48.70

BLACK CHROME
L9500 Grey G-15....... 41.00
L1751 Changeable...... 48.70

Outdoorsman II

GOLD
L2112 Grey G-15....... 43.60
L2113 Green........... 43.60
L1752 Changeable...... 51.30

BLACK CHROME
L2114 Grey G-15....... 43.60
L1753 Changeable...... 51.30

Drifter

BLACK
W-0359 Grey G-15 ..... 38.40

MOCK TORTISE
W-0360 Grey G-15 ..... 38.40

Caravan

GOLD
L0227 Grey G-15....... 34.60
L0582 Green........... 34.60
L1748 Changeable...... 42.30

BLACK CHROME
L0280 Grey G-15....... 34.60
L1749 Changeable...... 42.30

Wayfarer

BLACK
L2008 Grey G-15....... 32.00

MOCK TORTISE
L2052 Grey G-15....... 32.00

Wayfarer II

BLACK
L1724 Grey G-15....... 34.60

MOCK TORTISE
L1725 Grey G-15....... 34.60

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How the future looks for service cosmetics

(Percentage of respondents so indicating)

Either have or are very close to having a service cosmetician in all stores	38%
Goal is to eventually have a service cosmetician in all stores	33
Goal is to eventually have a service cosmetician in as many stores as possible	10
Do not want service cosmeticians in any stores	10
No response	10

Source: *Drug Store News* Cosmetic Service Survey

The only way to successfully sell something merchandised under glass is by having a cosmetician present to assist with the sale. Without such a person, chains complain their fragrance turns are woeful.

Service cosmetician responsibilities

(Percentage of respondents so indicating)

Stocking the cosmetic department	100%
Servicing customers	100
Reordering products in the department	94
Re-setting the department	94
Working the cash register	100
Reordering product for or stocking other departments	75
Working the cash register in other departments	50
Buying product*	29

*Generally just promotional items, new items from approved venders or reordering with direct store venders.

Multiple responses given for this question.

Source: *Drug Store News* Cosmetic Service Survey

Continued from page 17

chains now have a cosmetic supervision program in place.

Most chains assign a supervisor to between 20 and 30 stores, among which they rotate their time and act as trouble-shooters. When problems, such as out-of-stocks or inadequate displays, are found, supervisors are expected to remedy them—not by doing the job themselves, but by training store cosmeticians to handle the problems.

Half of the respondents say they have had such a supervisory level in place for a long time, and these sources say they add more supervisors as they open new stores.

Some also say they are in the process of redefining the supervisors' job, trying to get them to spend more time on training cosmeticians and less on putting out fires.

"When a store person isn't doing the job right," says one vp, "It's usually because she wasn't trained right. Rather than have my supervisors do the job for her, I'd prefer they train her. That, to me, is the most important thing my supervisors could be doing."

Among respondents with supervisors, 90 percent described them as one of their best training tools. Most sources also say they were the most effective way of communicating with their stores, and several called supervisors their eyes and ears in the stores. Cosmeticians also told us that supervisors were their best way of communicating with headquarters, reporting on what is and isn't selling as well as requesting help with problems.

Many chains are also using their supervisors as part of their hiring teams. One source says that since giving the cosmetic supervisors a say in who's hired as a cosmetician, the selection process had improved tremendously.

Supervisors were their best way of communicating with headquarters, reporting what sells and requesting help with problems.

In addition to their new emphasis on supervisors as trainers, many chains, especially the larger ones, are starting to use videotapes as cost-effective and efficient training tools.

Forty percent of respondents report they are now using videos as training tools, and several of the leading chains are starting to produce informational videos, financed by suppliers, that describe upcoming major promotions.

The videos are easier to do than training schools because they don't pull people out of the stores. Most chains try to insure that their cosmeticians actually watch the tapes by including a quiz with the tape that has to be mailed back to headquarters or by asking a manager or district manager

Continued on page 20

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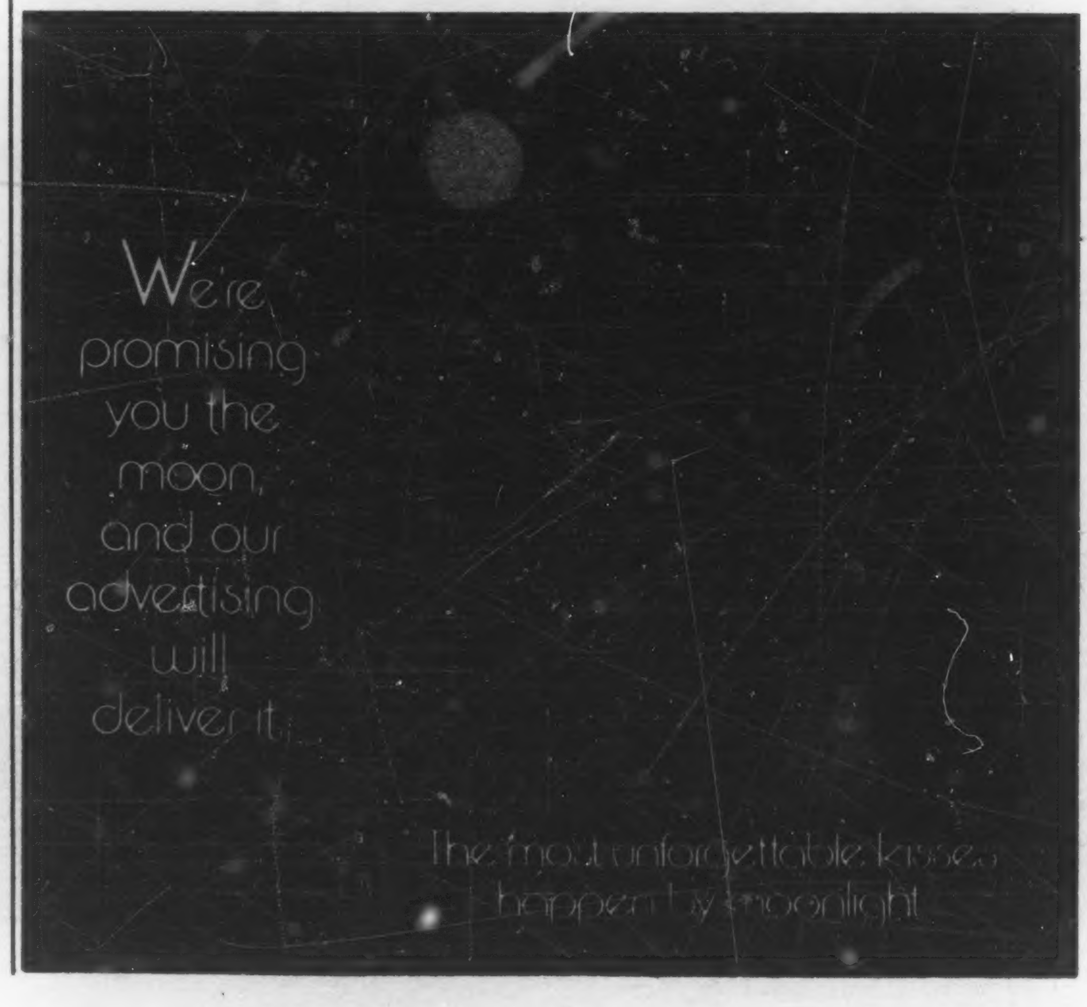
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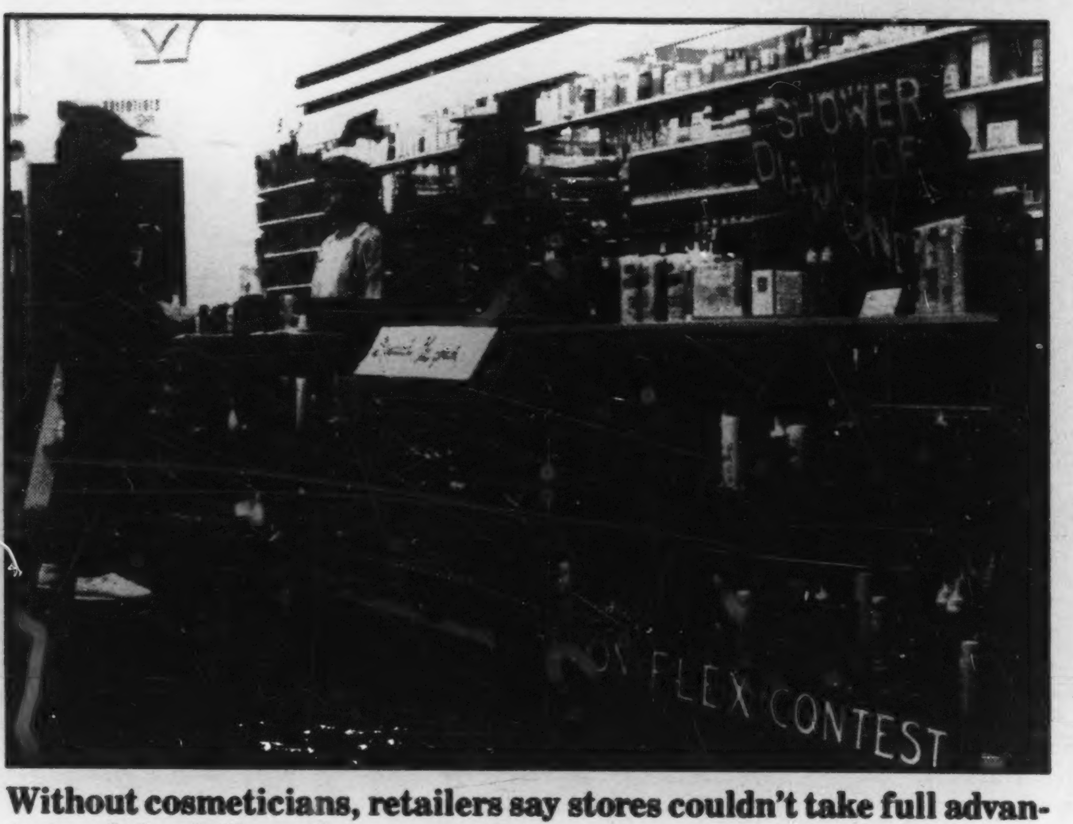
Retailers believe service cosmeticians can significantly reduce pilferage in the department.



Without cosmeticians, retailers say stores couldn't take full advantage of the dollars that manufacturers pump into a promotion.

Continued from page 18

to "sign off" the clerks who actually watch the tapes.

Schools are harder to do, because they take time to organize, they pull clerks from the store and they often involve a free lunch or renting convention rooms at a conveniently located hotel. But in spite of the added expense and bother, more respondents are doing schools this year than in the past, and many others are going back to schools after abandoning them for several years.

Eighty-five percent of our respondents say they are sponsoring supplier schools several times a year to teach their cosmeticians more about individual lines and categories. One-third say their schools are either new or expanding in frequency.

Many chains are also beginning to invite their store managers and assistants, as well as district and regional managers, to the cosmetic training schools so their operations people can get a better feel for the importance of cosmetics. This in turn helps assure that managers will schedule enough cosmetician hours for the department.

In addition to training cosmeticians better, many chains were also trying to motivate them more effectively.

A number of chains are experimenting with higher pay rates for cosmeticians to make the job a more attractive career path.

More chains are also issuing special uniforms for cosmeticians to make them look and feel like specialists and give them the sense that the company appreciates the value of their contributions.

More chains are also staging cosmetic sales drives and display contests with cash and other prizes so cosmeticians can be rewarded for creative merchandising ideas that improve sell-throughs.

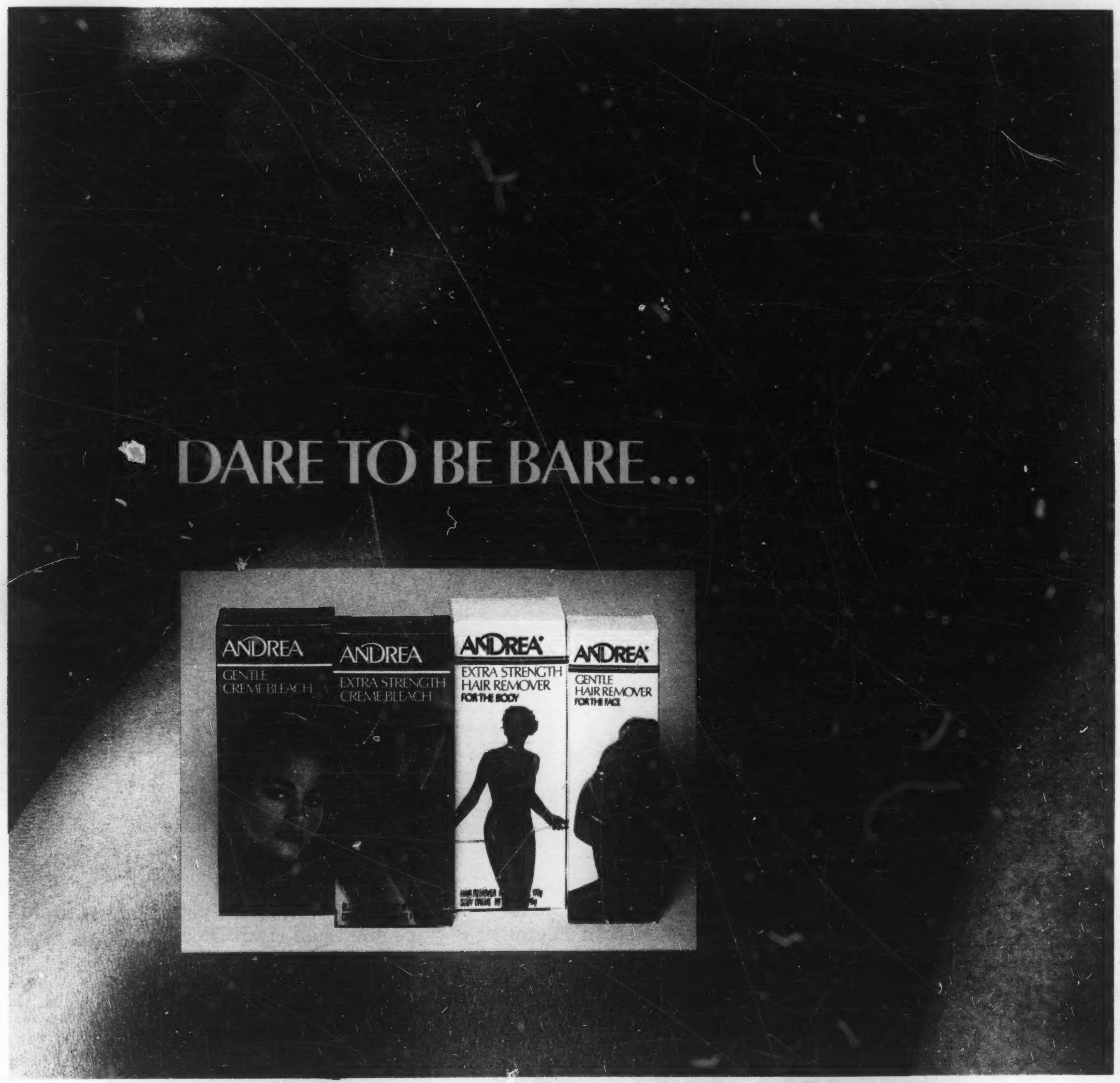
Only a few chains are currently passing along vender promotional monies to cosmeticians as rewards for suggestive selling. However, many more chains are considering this strategy to see if it can improve sales growth.

Estimated percentage of shrink in cosmetics-fragrance department

(Percentage of respondents so indicating)

1%-3% shrink	14%
4%-5% shrink	33
6%-7% shrink	14
8%-9% shrink	10
No estimate	29

Source: *Drug Store News Cosmetic Service Survey*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INSIDE PHARMACY
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Vol. 4, No. 9/Sept. 25, 1989 The News Journal of Retail Pharmacy Published by Lebhar-Friedman, Inc.

OTC buyers tell hows and whys of product picks

NEW YORK — Consumer advertising is the most important service OTC suppliers can offer drug chain OTC buyers in helping them decide whether to stock an item. Buyers regarded display materials and planograms as the least important services.

According to the exclusive 1989 *Drug Store News/ Inside Pharmacy* OTC Buyer Feedback Survey—which polled OTC buyers from 25 of the nation's leading chains on their purchasing habits—60 percent said consumer advertising was the most important factor in their decision to stock one brand over another. Other "very important" factors, in descending order, included co-op advertising, invoice dating, information on new products, return goods policy and display allowances.

Since most chain stores do inhouse planograming, it is not surprising that planograming services offered by OTC manufacturers was one of the items chain buyers listed as least helpful in their buying decisions. Other services offered by OTC reps that a significant number of buy-

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OTC
Buyer Feedback Study

Inside

DEPARTMENTS

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CONGRESSIONAL INVESTIGATION
GENERIC REVIEW FILE

Generic scandal: where will it lead?

By Elizabeth Richardson

For years, generic drug manufacturers have worn the "white hats" of the drug industry by providing lower-priced products for consumers. Those white hats are now being replaced by hard hats, as the generic industry is bombarded with charges of bribery and falsification of records.

Since last summer, scandal has surrounded the generic industry, leaving indictments and accusations in its wake. The final verdict is still out on many officials and companies as new information comes to light, leaving retail pharmacists in the uncomfortable position of reassuring customers that generics they are using are safe. Meanwhile, the Food and Drug Administration (FDA), under heavy criticism from government and industry leaders, tries to wrap up its investigation.

Thus far, the situation has centered on two areas:

- Bribery of FDA officials by Par Pharmaceutical, Inc. and its sub-

Continued on page IP13

DRUG STORE NEWS
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APhA hotline reaches out with consumer drug info

By Elizabeth Richardson

WASHINGTON — Over 600 callers responded to a recent pharmacy hotline sponsored by the American Pharmaceutical Association (APhA). The hotline, set up by *USA Today*, is part of a promotional campaign launched by APhA that is intended to reach over 50 million Americans—*Rx Healthline: A word from your pharmacist.*

Seventeen greater Washington area pharmacists volunteered to man telephones during the 12-hour hotline. Eighty percent of consumers' questions centered on the use of generics and current FDA generic investigations. Others ranged from general health care to specific questions on the uses of certain drugs.

Pharmacists answer questions during their three-hour hotline shift. The pharmacists counseled callers on a variety of subjects during the 12-hour hotline.

Beneficial for pharmacists

Volunteers said the hotline had many benefits for the pharmacists, as well as the consumers. "I think it was an excellent way for pharmacists to get their message out—that we are the health professional responsible for drug use, and that we have the knowledge and can be a first-line of information for the patients," Black said.

Irving E. Swartz, independent pharmacist from Alexandria, Va., agrees.

"I think we get benefits by realizing that we do provide a legitimate function and there's a place for us in this whole spectrum," he said. "The consumer feels like they're getting nonbiased information, based on the fact that we gain nothing by giving the information. So therefore, they felt like they were getting 'honest answers.' Maybe we embarked on the fact that we do more than just count—that we do counseling and were able to alleviate their concerns."

The campaign continued in September with an insert in *Cosmopolitan* magazine. An additional insert will appear in the November *Redbook*. APhA is sending out copies of the inserts to participating pharmacies throughout the country. Plans are currently underway for additional inserts to appear in national publications during 1990.

The cost of dispensing a third-party Rx vs. private-pay

Categories used in allocating costs	Private-pay	Third party	Difference
Store personnel	$3.74	$4.07	$ .33
Rent	.28	.28	—
Direct Rx & store computer systems	.36	.43	.07
Third party receivables (carrying costs)	—	.24	.24
Third party bad debt	—	.24	.24
Fixed expenses	.18	.18	—
Variable expenses	.35	.35	—
Central administration	.69	.93	.24
Summary	$5.60	$6.72	$1.12

Source: NACDS Third-Party Impact Study (Phase One)

Preliminary findings in NACDS' Third-Party Impact Study showed it costs chain drug retailers $1.12 more to dispense a third-party prescription compared to the costs to dispense a private-pay prescription. Warehousing costs of 12 cents per prescription were assessed, but not included as a category in determining costs of filling prescription since not all the chains surveyed received their prescription merchandise from a warehouse. For those chains that do warehouse pharmaceuticals, no difference between third-party and private-pay warehousing costs were found. The study also uncovered that the chains answering the survey were paid for 91.7 percent of third-party claims submitted. Payment from third-party processors took an average of 42.8 days. Geographic differences in the cost of filling a third-party prescription vs private pay were: $1.08/Northeast, $1.04/Midwest, $.98/South, $1.30/East.

Bell posthumously receives Pratt award

WASHINGTON — The NACDS/Harold W. Pratt Award was presented posthumously to Donald Bell, a 30 year veteran of Thrift Drug Co.

The award was accepted by his wife, Jean, at a special recognition ceremony at the NACDS Pharmaceutical Conference held at the Washington Hilton last month.

Chaired conference

Bell, who was chairman of the 1988 Pharmaceutical Conference, died in June after recently retiring as vp of professional and public affairs.

The Harold W. Pratt Award recognizes chain drug store pharmacists whose activities have contributed to the promotion, recognition and improvement of the practice of pharmacy.

Added funding, penalties eyed to restore generics

There's no shortage of proposed solutions to the generic drug mess. Both FDA Commissioner Frank Young and HHS Secretary Louis Sullivan have indicated that they will ask Congress to set harsh new penalties for manufacturers who provide false data to federal drug reviewers.

John Gans, fledgling APhA executive vp, called for increased federal funding for FDA's Generic Drug Division "so that sufficient resources can be applied to the drug process to minimize the chance of future unethical behavior among FDA staff.

WASHINGTON PERSPECTIVE
KEN RANKIN

Bill Haddad, chairman of the Generic Pharmaceutical Industry Association, suggested "fingerprinting" brand-name drugs (e.g. by adding inactive "trace elements") to prevent generic manufacturers from seeking FDA marketing approval based on the original reference product.

NACDS President Ron Ziegler, meanwhile, urged drug chains to "be responsive to any recall of products" and to consider educating their pharmacists "regarding communication of the controversy to their customers." In the first of a series of new *Generic Drug Update Information Alerts*, Ziegler warned that "the controversy will not soon subside and may result in a lessening of public confidence in the benefits of prescription drugs."

* * *

The FDA is subjecting a score of the nation's top generic manufacturers to "comprehensive inspections." The decision to conduct outright inspections of production plants came in the midst of FDA's previously announced program to subject the 30 leading generic drug products to special federal safety testing.

Although the safety tests were prompted by charges that several generic manufacturers used fraudulent methods to obtain FDA marketing approval for their products, agency officials emphasized that the new series of plant inspections "are not a result of allegations of wrongdoing."

Rather, FDA said, the 20 manufacturers were selected for inspections "in large part because of their large numbers of approved applications for generic drugs."

Regardless of the reasons for their selection, the generic producers tapped for FDA's new inspection blitz could face severe penalties if additional improprieties are uncovered. Indeed, late last month two manufacturers were socked with heavy sanctions as FDA revoked three abbreviated new drug applications held by Par Pharmaceuticals and 25 by Vitarine.

FTC: Nonprofit discount charges unsubstantiated

Despite intensive secret investigations into alleged discriminatory pricing practices by pharmaceutical manufacturers, the Federal Trade Commission found no evidence to support pharmacists' charges that nonprofit institutions were being offered drugs at unfair discounts.

The until-now secret FTC probes were disclosed for the first time in a letter from commission officials to House Judiciary Committee Chairman Jack Brooks (D-Texas). According to FTC, the investigations were launched "in response to complaints from pharmacists that nonprofit hospitals were paying lower prices for prescription drugs than retail pharmacies and reselling prescription drugs in competition with such pharmacies."

Specifically, the FTC investigation focused on allegations that hospitals and other institutions were "improperly reselling these products in large quantities to wholesalers operating in a 'gray market.'"

Although those allegations were documented extensively by *Drug Store News/Inside Pharmacy*, NARD and Rep. John Dingell's House Investigations Subcommittee, FTC concluded that "studies showed that nonprofit hospitals were overwhelmingly in compliance with the Supreme Court's 'own use' guidelines" for purchasing pharmaceuticals at institutional discounts."

Ironically, the FTC investigation was terminated in April 1988—the same month that Congress passed Dingell's "Prescription Drug Marketing Act" setting tough new restrictions on pharmaceutical resales and diversion by hospitals.

Bill would tighten medical device safety standards

New legislation regulating medical devices calls for a significant tightening of the safety standards governing FDA approval of these products. The bill, dubbed "The Safe Medical Devices Act of 1989" by House sponsors Reps. Henry Waxman (D-Calif.) and John Dingell (D-Mich.), would require hospitals to report device-related illnesses directly to FDA.

DRUG STORE NEWS®
INSIDE PHARMACY
PHARMACIST EDITION

OTC buyers tell the hows and whys of product choices

Continued from page IP1

ers felt were "not at all important" included display material and consumer rebate programs.

Competition increases

Competition from other trade classes carrying the same OTCs as chain drug stores has been intense. Deep discounters, supermarkets, combos, mass merchandisers and convenience stores have all staked a claim in the lucrative OTC marketplace. To stay ahead of competition, chain buyers have fine-tuned their buying and marketing skills.

To meet competition head-on, a buyer from a Massachusetts chain said the chain offers senior citizens a 10-percent discount on all OTC items. A New York chain builds consumer confidence by offering a rain check for out-of-stock OTC items. When the customer comes back for it, the item is free. Others make use of an exprivate label product line.

A big headache for OTC buyers is the number of new OTC product entries every year.

What influences buyers to take on a new product? According to the survey, while product quality was very important to all the buyers, the one item they picked that was of overall importance was dollars budgeted for consumer advertising. Other items that influence buyers to stock new products include, in descending order, product quality, off-invoice allowance and detailed info about the product, uniqueness of the product and consumer requests.

Insight into habits

Several buyers offered an insight to their buying habits, especially considering product proliferation. One New York buyer said, "With new products coming so fast, we obviously can't take on all of them. The only solution to this madness of copying and duplication is to notify the manufacturer that we take on new products twice a year, in January and July. This prevents spur-of-the-moment additions and mass confusion in planogramming set-ups."

A Southeastern chain buyer claims that "product packaging and the stability of the vendor" is of upmost importance in his buying decisions.

And for a buyer at a Kentucky chain, a manufacturer who is willing to guarantee the sale of an item is of upmost importance. "If not, beware!"

OTC product category mix at typical chain drug store

(Percentage of respondents)

Carry the number one and number two brands in most OTC categories	–%
Carry at least three to five brands in the major OTC categories	20
Carry most of the major brands and sizes available to give shoppers variety	76
Didn't answer	4

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Survey

How buyers prefer to receive OTC product information

(Percentage of respondents)

Visits from manufacturers' reps	88%
Telemarketing	–
Direct mail	12

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Survey

Pricing strategies in typical chain drug store OTC dept.

(Percentage of respondents)

Never undersold	4%
Rely on everyday low prices with little or no advertised sales	–
Rely on sales and low promotional prices rather than everyday low prices	36
Stay competitive with other drug stores in the market	52
Have a full service/full price orientation	4
No answer	4

Source: *Drug Store News/Inside Phrmacy* 1989 OTC Buyer Feedback Survey

Amount of time spent in stores by OTC reps

(Percentage of respondents)

Under 10 minutes	–%
10-20 minutes	24
30-45 minutes	36
45 minutes - 1 hour	0
More than 1 hour	8

Mean = 30.38 minutes

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Survey

Factors influencing buyers to stock new OTC products

	Very important	Somewhat important	Not at all important
Uniqueness of product	48%	48%	4%
Consumer ad dollars	72	24	4
Suggested retail price	20	44	36
Off-invoice allowance	64	32	4
Number of SKUs	48	44	8
Detailed info about product	44	56	—
Consumer requests	32	64	5
Return goods policy	60	32	8
Display allowances	48	40	12
Product quality	100	—	—

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Study

Profile of store visits by OTC vendors

(Percentage of respondents)

More than once a month	8%
Once a month	60
Once every 2 to 6 months	32
Once every 7 to 11 months	–
Once a year	–
Less than once a year	–

Mean = 9.2 times a year

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Survey

Factors in making OTC buying decisions

	Very important	Somewhat important	Not at all important
Display allowances	60%	28%	12%
Consumer advertising	84	8	8
Co-op advertising	80	16	4
Info on new products	68	32	—
Return goods policy	60	36	4
Info on product movement	32	60	8
Display material	8	6[illegible]	28
Info on market share	28	64	8
Consumer rebate program	20	60	20
Invoice dating	76	20	4
Planogramming	20	52	28

Source: *Drug Store News/Inside Pharmacy* 1989 OTC Buyer Feedback Study

Rogaine® Rx
TOPICAL SOLUTION
minoxidil 2%

INDICATIONS AND USAGE
Male pattern baldness (alopecia androgenetica) of the vertex of the scalp. No effect has been seen on frontal baldness. At least four months of treatment are generally required before evidence of hair growth can be expected; further growth continues through one year. The new growth is not permanent; cessation of treatment will lead to its loss in a few months.

CONTRAINDICATIONS
Hypersensitivity to minoxidil, propylene glycol or ethanol.

WARNINGS
1. Need for normal scalp: Before starting treatment, make sure that the patient has a normal, healthy scalp. Local abrasion or dermatitis may increase absorption and hence the risk of side effects.
2. Potential adverse effects: Although extensive use of topical minoxidil has not revealed evidence that enough minoxidil is absorbed to have systemic effects, greater absorption due to misuse, individual variability or unusual sensitivity could, at least theoretically, produce a systemic effect.
Experience with oral minoxidil has shown the following major cardiovascular effects (Review the package insert for LONITEN® Tablets for details):
—salt and water retention, generalized and local edema
—pericardial effusion, pericarditis, tamponade
—tachycardia
—increased incidence of angina or new onset of angina
Patients with underlying heart disease, including coronary artery disease and congestive heart failure, would be at particular risk of these potential effects. Additive effects could also emerge in patients being treated for hypertension.

Potential patients should have a history and physical, should be advised of potential risks and a risk/benefit decision should be made. Heart patients should realize that adverse effects may be especially serious. Alert patients to the possibility of tachycardia and fluid retention, and monitor for increased heart rate, weight gain or other systemic effects.

PRECAUTIONS
General Precautions: Monitor patients one month after starting ROGAINE and at least every six months afterward. Discontinue ROGAINE if systemic effects occur. The alcohol base will burn and irritate the eye. If ROGAINE reaches sensitive surfaces (eg, eye, abraded skin and mucous membranes) bathe with copious cool water.

Avoid inhaling the spray.

Do not use in conjunction with other topical agents such as corticosteroids, retinoids and petrolatum or agents that enhance percutaneous absorption. ROGAINE is for topical use only. Each mL contains 20 mg minoxidil and accidental ingestion could cause adverse systemic effects.

Decreased integrity of the epidermal barrier caused by inflammation or disease of the skin, eg, excoriations, psoriasis or severe sunburn, may increase minoxidil absorption.
Patient Information: A patient information leaflet is included with each package and in the full product information.
Drug Interactions: No drug interactions are known. Theoretically, absorbed minoxidil may potentiate orthostatic hypotension in patients taking guanethidine.
Carcinogenesis, Mutagenesis and Impairment of Fertility: No carcinogenicity was found with topical application. Oral administration may be associated with an increased incidence of malignant lymphomas in female mice and hepatic nodules in male mice. In rats, there was a dose-dependent reduction in conception rate.
Pregnancy Category C: ROGAINE should not be used by pregnant women.
Labor and Delivery: The effects are not known.
Nursing Mothers: ROGAINE should not be administered.
Pediatric Use: Safety and effectiveness have not been established under age 18.

ADVERSE REACTIONS
ROGAINE was used by 3510 patients in placebo-controlled trials. Except for dermatologic events, no individual reaction or reactions grouped by body systems appeared to be increased in the minoxidil-treated patients.

Respiratory (bronchitis, upper respiratory infection, sinusitis) 5.95%; **Dermatologic** (irritant or allergic contact dermatitis) 5.27%; **Gastrointestinal** (diarrhea, nausea, vomiting) 3.42%; **Neurology** (headache, dizziness, faintness, light-headedness) 2.56%; **Musculoskeletal** (fractures, back pain, tendinitis) 2.17%; **Cardiovascular** (edema, chest pain, blood pressure increases/decreases, palpitation, pulse rate increases/decreases) 1.28%; **Allergy** (non-specific allergic reactions, hives, allergic rhinitis, facial swelling and sensitivity) 1.03%; **Special Senses** (conjunctivitis, ear infections, vertigo) 0.94%; **Metabolic-Nutritional** (edema, weight gain) 0.60%; **Urinary Tract** (urinary tract infections, renal calculi, urethritis) 0.46%; **Genital Tract** (prostatitis, epididymitis) 0.46%; **Psychiatric** (anxiety, depression, fatigue) 0.28%; **Hematology** (lymphadenopathy, thrombocytopenia) 0.23%; **Endocrine** 0.09%.

Patients have been followed for up to 5 years and there has been no change in incidence or severity of reported reactions. Additional events reported since marketing include: eczema, hypertrichosis, local erythema, pruritus, dry skin/scalp flaking, sexual dysfunction, visual disturbances including decreased visual acuity, exacerbation of hair loss, alopecia.

DOSAGE AND ADMINISTRATION
Hair and scalp should be dry before application. 1 mL should be applied to the total affected areas twice daily. Total daily dose should not exceed 2 mL. If the fingertips are used to facilitate drug application, wash the hands afterwards.

HOW SUPPLIED
60 mL bottle with multiple applicators NDC 0009-3367-05
Caution: Federal law prohibits dispensing without a prescription.

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FINANCIAL

Moore Medical Corp. turning around in '89

NEW BRITAIN — Moore Medical Corp. is rebounding from a difficult 1988, when it lost $6 million. The distributor broke into the black on a surge of operating income in the second quarter ended June 30, ending a period of losses that have stemmed from various special charges.

The positive results were the payoff of a drive to build sales and hold down costs while avoiding costly missteps, according to Mark Karp, president and chief operations officer.

The nation's twelfth-largest wholesaler posted record second quarter sales of $66.6 million, up 11 percent from last year's comparable quarter. Net income was $627,000, or 22 cents a share, compared with $314,000 (11 cents) last year.

The sales growth, coupled with an increase in gross margin and lower expenses, fueled an operating income of $2.43 million, 94 percent higher than last year's $1.25 million.

The gross margin increased to 12.7 percent compared with 11.4 percent in the 1988 quarter, and sales, general and administrative expenses were held to 8 percent growth from last year's period.

"They're back on track," said Louis Webb, an analyst with the Advest Group. "Their gross margins are good compared to their competitors. I think there is still room for improvement, to 13 percent or 14 percent,"

Webb projects Moore will earn about 60 cents a share in the 1989 year ending in December, compared with last year's loss.

The special charges that caused last year's loss carried over into the first quarter of 1989, in which Moore posted a $308,000 loss, or 11 cents per share. Six-month earnings are 11 cents, compared with 44 cents in last year's first six months.

Karp said Moore has settled all charges from its legal fight with the Shulton Co. in which Moore was named with three other companies for alleged H&BA diversion practices. Moore absorbed over $2 million in charges from the fight last year and in this year's first quarter, Karp said.

Earnings are also recovering from write-downs Moore took on inventory of latex examination gloves for which demand escalated as a result of AIDS. Moore was forced to absorb charges on inventory after increased production from offshore caused market prices to plummet.

Karp said the wholesaler's goal will be to build sales with existing customers, which include independents, drug chains such as Genovese, Brooks and LaVerdiere, and professional accounts such as doctors' offices and private medical facilities.

Moore went national when it bought a St. Louis emergency medical service supplier in 1986 and then a Haywood, Calif., generic drug distributor in 1987.

Greater efficiency will be the target of a planned study with IBM this fall of Moore's systems' needs. In implementing new warehouse and office systems, Karp said Moore will likely upgrade to IBM AS/400 T.M. computers from its current mid-range IBM computers.

Fay's net up 35%

LIVERPOOL. N. Y. — Fay's announced record net earnings for the second quarter ended July 31 of $3.0 million, or 20 cents per share, on revenues of $140 million. Net earnings for last year's comparable quarter were $2.2 million, or 15 cents per share, and revenues were $127 million. Comparable-store sales increased 10.2 percent and prescription drug sales were up 14 percent.

Longs 2nd-qtr. net $15M

WALNUT CREEK, Calif. — Longs Drug Stores reported unaudited net income of $15.3 million, or 74 cents per share, for the second quarter ended July 27, compared with $14.0 million, or 69 cents per share, for the year-ago period. Sales reached $503.4 million, versus $464.6 million. Longs also announced a 24-cent quarterly dividend and board approval to repurchase up to 3 million more shares of the company's outstanding common stock.

Genovese sales up

MELVILLE, N.Y. — Genovese Drug Stores posted a 14.9-percent sales gain for the second quarter ended Aug. 18, to $91.1 million, from $79.3 million a year ago. Net income was $397,000, or 6 cents per share, compared with $1.1 million, or 17 cents per share, last year. For the first half, sales were $204.5 million and net income was $1.5 million.

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Vol. 11, No. 18 Sept. 25, 1989

MARKET DIARY:

Largest Dollar Gainer	Squibb Corp.	$ 3.25
Largest Dollar Loser	American Stores	$− 4.50
Largest Percentage Gainer	Newport Pharmaceutical	10.94%
Largest Percentage Loser	Dart Drug Stores	−15.38%

Advances	29
Declines	25
Unchanged	6
New highs	7
New lows	1

	Close 8/29/89	Close 9/12/89	Net Change	Percent Change
Drug Store News Index	2920.72	2904.23	16.49	0.56
Dow Jones Industrial Average	2726.63	2707.26	−19.37	−0.71
Standard & Poor's 500-Stock Index	349.84	348.70	− 1.14	−0.33
N.Y.S.E. Composite	194.47	193.88	− 0.59	−0.30
Value Line Index	276.60	276.61	− 0.01	0.00

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 8/29/89	Closing Price 9/12/89	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	22.75	20.25	−2.50	−10.99	25	0.16	0.79	24.75	8.00
OTC	Big B (H)	BIGB	13.88	14.75	0.88	6.31	17	0.16	1.08	15.25	10.63
OTC	Dart Drug Stores (L)	DDRGC	0.41	0.34	−0.06	−15.38	d	0.00	0.00	2.50	0.25
OTC	Drug Emporium	DEMP	12.75	13.63	0.88	6.86	20	0.05	0.37	16.25	6.25
NYS	Fay's Inc.	FAY	13.00	14.13	1.13	8.65	19	0.20	1.42	15.00	7.88
ASE	Genovese Drug	GDX.A	11.25	11.25	0.00	0.00	16	0.24	2.13	12.88	8.75
OTC	Leroy Pharmacies	LERYW	5.13	5.00	−0.13	− 2.44	d	0.00	0.00	5.38	4.38
NYS	Longs Drug Stores (H)	LDG	42.25	43.13	0.88	2.07	15	0.96	2.23	44.00	33.63
OTC	Medicine Shoppe	MSII	30.00	30.88	0.88	2.92	24	0.10	0.32	31.75	20.25
NYS	Perry Drug	PDS	11.63	11.13	−0.50	− 4.30	278	0.00	0.00	13.50	5.25
NYS	Rite Aid Corp.	RAD	39.63	39.63	0.00	0.00	17	0.82	2.07	40.75	29.13
NYS	Walgreen Co.	WAG	46.50	46.13	−0.38	− 0.81	19	0.68	1.47	50.25	29.63
Wholesaler's transactions											
OTC	Alco Health Services	AAHS	27.00	24.25	−2.75	−10.19	18	0.00	0.00	30.38	22.50
ASE	Bergen Brunswig (s)	BBC	26.50	26.00	−0.50	− 1.89	14	0.32	1.23	27.00	15.63
OTC	Bindley Western Ind.	BIND	8.63	8.75	0.13	1.45	17	0.00	0.00	9.50	6.63
OTC	Cardinal Distribution	CDIC	24.50	26.00	1.50	6.12	16	0.10	0.38	26.00	16.00
OTC	Durr-Fillauer	DUFM	19.25	21.13	1.88	9.74	21	0.24	1.14	23.25	13.88
ASE	Ketchum	KCH	4.50	4.63	0.13	2.78	—	0.00	0.00	7.88	4.50
NYS	McKesson Corp. (H)	MCK	37.50	39.00	1.50	4.00	16	1.44	3.69	39.75	29.63
ASE	Moore Medical	MMD	13.75	14.63	0.88	6.36	d	0.00	0.00	15.63	9.00
NYS	Owens & Minor	OMI	12.25	12.75	0.50	4.08	20	0.26	2.04	15.88	11.38
Manufacturer's transactions											
NYS	Abbott Labs	ABT	63.38	63.00	−0.38	− 0.59	18	1.40	2.22	66.00	44.13
NYS	American Home Products	AHP	99.88	99.63	−0.25	− 0.25	15	3.90	3.91	103.00	76.38
NYS	Baxter International	BAX	23.38	22.38	−1.00	− 4.28	16	0.56	2.50	24.38	16.25
OTC	Block Drugs Co.	BLOCA	35.38	35.50	0.13	0.35	14	0.64	1.80	36.00	30.00
ASE	Bolar Pharmaceutical	BLR	19.50	18.50	−1.00	− 5.13	11	0.04	0.22	32.25	16.75
NYS	Bristol-Myers	BMY	49.38	50.13	0.75	1.52	16	2.00	3.99	52.13	41.38
NYS	Carter-Wallace	CAR	51.13	49.75	−1.38	− 2.69	16	0.82	1.65	53.25	37.50
ASE	Forest Labs	FRX	36.00	35.88	−0.13	− 0.35	29	0.00	0.00	37.88	20.63
ASE	Halsey Drug	HDG	5.56	6.00	0.44	7.87	20	0.00	0.00	7.38	2.38
NYS	ICN Pharmaceutical	ICN	6.00	6.25	0.25	4.17	69	0.00	0.00	7.38	5.63
ASE	Lee Pharmaceutical	LPH	3.13	3.13	0.00	0.00	d	0.00	0.00	5.50	3.00
ASE	Leiner P. Nutrition	PLI	19.50	20.75	1.25	6.41	17	0.00	0.00	21.38	9.25
NYS	Lilly Eli Co.	LLY	62.13	59.63	−2.50	− 4.02	20	1.35	2.26	64.25	42.25
NYS	Marion Labs	MKC	34.50	34.25	−0.25	− 0.72	23	0.36	1.05	36.50	16.38
NYS	Merck Co.	MRK	74.13	71.38	−2.75	− 3.71	21	1.80	2.52	77.88	53.50
NYS	Mylan Labs (H)	MYL	13.38	14.50	1.13	8.41	34	0.10	0.69	15.38	7.50
OTC	Newport Pharmaceutical	NWPH	4.00	4.44	0.44	10.94	d	0.00	0.00	6.63	1.75
NYS	Par Pharmaceutical	PRX	5.75	5.75	0.00	0.00	10	0.04	0.70	12.50	3.88
NYS	Pfizer Inc. (H)	PFE	67.38	69.00	1.63	2.41	16	2.20	3.19	70.75	53.00
NYS	Robins, A.H.	RAH	32.25	32.25	0.00	0.00	14	0.00	0.00	33.50	21.88
NYS	Rorer Group	ROR	45.00	42.88	−2.13	− 4.72	21	0.80	1.87	48.25	35.38
OTC	Scherer RP Corp.	SCHC	15.50	15.75	0.25	1.61	d	0.40	2.54	33.38	12.00
NYS	Schering Plough (H)	SGP	77.38	75.75	−1.63	− 2.10	20	1.80	2.38	78.75	52.50
NYS	Squibb Corp. (H)	SQB	114.88	118.13	3.25	2.83	25	2.00	1.69	120.63	63.25
NYS	Syntex Corp.	SYN	48.13	45.50	−2.63	− 5.45	17	1.50	3.30	54.50	36.50
NYS	Thiokol Inc.	TKC	14.13	15.25	1.13	7.96	17	0.30	1.97	125.00	12.38
NYS	Upjohn Co.	UPJ	38.38	38.63	0.25	0.65	19	0.88	2.28	42.00	27.00
NYS	Warner-Lambert	WLA	107.00	107.50	0.50	0.47	19	2.56	2.38	114.63	70.75
NYS	Zenith Labs	ZEN	1.50	1.63	0.13	8.33	d	0.00	0.00	2.75	1.13
Other retailer transactions											
NYS	Albertson's	ABS	53.38	53.75	0.38	0.70	20	0.80	1.49	55.00	32.75
NYS	American Stores	ASC	70.25	65.75	−4.50	− 6.41	29	1.00	1.52	72.50	50.75
NYS	Giant Food	GFS.A	34.13	31.38	−2.75	− 8.06	18	0.50	1.59	36.25	21.00
NYS	K-Mart	KM	43.63	42.00	−1.63	− 3.72	11	1.64	3.90	44.88	33.75
NYS	Kroger	KR	19.13	19.38	0.25	1.31	d	0.00	0.00	59.00	8.38
NYS	Melville Corp.	MES	51.75	50.75	−1.00	− 1.93	15	1.30	2.56	53.63	34.00
OTC	Fred Meyer	MEYR	20.38	20.00	−0.38	− 1.84	15	0.00	0.00	23.00	13.50
NYS	Penney, JC	JCP	67.25	67.25	0.00	0.00	11	2.24	3.33	68.75	47.63
NYS	Smith's Food & Drug	SFD	21.88	22.75	0.88	4.00	21	0.20	0.88	24.75	20.50
NYS	Wal-Mart	WMT	41.75	40.13	−1.63	− 3.89	25	0.22	0.55	43.88	29.25

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado